

# HOUSE BILL No. 1536

## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 4-4-6.1-1.2; IC 4-4-6.1-9; IC 6-1.1-12.1; IC 6-3.1-9-1; IC 6-3.1-13-4; IC 6-3.1-13-6.3; IC 22-4-1-1; IC 22-4-43.

**Synopsis:** Working wage on economic development projects. Creates the working wage. Adds working wage to the requirements for enterprise zone credits, the economic revitalization area deduction, neighborhood assistance credit, edge credit, and job training funds for projects that primarily benefit an identifiable employer. Makes a statement of benefits regarding working wages mandatory in an enterprise zone credit application. Sets the working wage at 130% of the federal poverty level for an average size family in Indiana. Limits the uses of funding for comprehensive job training and related services to projects that hire employees at the working wage.

**Effective:** Upon passage; July 1, 1999.

**Liggett**

January 19, 1999, read first time and referred to Committee on Labor and Employment.



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Introduced

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

## HOUSE BILL No. 1536

A BILL FOR AN ACT to amend the Indiana Code concerning labor and industrial safety.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 4-4-6.1-1.2 IS ADDED TO THE INDIANA CODE
- 2 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 3 1, 1999]: **Sec. 1.2. As used in this chapter, "working wage" means**
- 4 **a rate of reimbursement for employment, excluding fringe benefits,**
- 5 **that is equal to one hundred thirty percent (130%) of the federal**
- 6 **income poverty level (as defined in IC 4-3-13-1) for a family with**
- 7 **a number of members equal to the average size family in Indiana,**
- 8 **as determined under the rules adopted by the department of labor**
- 9 **under IC 4-22-2.**
- 10 SECTION 2. IC 4-4-6.1-9 IS ADDED TO THE INDIANA CODE
- 11 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 12 1, 1999]: **Sec. 9. (a) After December 31, 1999, a taxpayer is not**
- 13 **entitled in a taxable year to a deduction, credit, or other exemption**
- 14 **that would otherwise be available because the taxpayer is located**
- 15 **in an enterprise zone if any of the full-time employees who are**
- 16 **employed by the taxpayer in the enterprise zone in the taxable year**
- 17 **earn less than a working wage.**

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(b) The department of labor shall adopt rules under IC 4-22-2 to establish standards for the application of this section. The rules must include standards that establish the working wage in Indiana and define full-time employment.

SECTION 3. IC 6-1.1-12.1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. (a) An applicant must provide a statement of benefits to the designating body. If the designating body requires information from the applicant for economic revitalization area status for use in making its decision about whether to designate an economic revitalization area, the applicant shall provide the completed statement of benefits form to the designating body before the hearing required by section 2.5(c) of this chapter. Otherwise, the statement of benefits form must be submitted to the designating body before the initiation of the redevelopment or rehabilitation for which the person desires to claim a deduction under this chapter. The state board of tax commissioners shall prescribe a form for the statement of benefits. The statement of benefits must include the following information:

- (1) A description of the proposed redevelopment or rehabilitation.
- (2) An estimate of the number of individuals who will be employed or whose employment will be retained by the person as a result of the redevelopment or rehabilitation and an estimate of the annual salaries of these individuals.
- (3) An estimate of the value of the redevelopment or rehabilitation.

With the approval of the state board of tax commissioners, the statement of benefits may be incorporated in a designation application. Notwithstanding any other law, a statement of benefits is a public record that may be inspected and copied under IC 5-14-3-3.

(b) The designating body must review the statement of benefits required under subsection (a). The designating body shall determine whether an area should be designated an economic revitalization area or whether a deduction should be allowed, based on (and after it has made) the following findings:

- (1) Whether the estimate of the value of the redevelopment or rehabilitation is reasonable for projects of that nature.
- (2) Whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed described redevelopment or rehabilitation.
- (3) Whether the estimate of the annual salaries of those individuals who will be employed or whose employment will be



retained can be reasonably expected to result from the proposed described redevelopment or rehabilitation.

**(4) After December 31, 1999, whether wages for the employees listed on the statement of benefits will result in at least the working wage (as defined in IC 4-4-6.1-1.2) for each full-time employee, as determined under IC 4-4-6.1-9, who is employed by the applicant.**

~~(4)~~ (5) Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed described redevelopment or rehabilitation.

~~(5)~~ (6) Whether the totality of benefits is sufficient to justify the deduction.

A designating body may not designate an area an economic revitalization area or approve a deduction unless the findings required by this subsection are made in the affirmative.

(c) Except as provided in subsections (a) through (b), the owner of property which is located in an economic revitalization area is entitled to a deduction from the assessed value of the property. If the area is a residentially distressed area, the period is five (5) years. For all other economic revitalization areas the period is three (3), six (6), or ten (10) years, as determined under subsection (d). The owner is entitled to a deduction if:

(1) the property has been rehabilitated; or

(2) the property is located on real estate which has been redeveloped.

The owner is entitled to the deduction for the first year, and any successive year or years, in which an increase in assessed value resulting from the rehabilitation or redevelopment occurs and for the two (2), four (4), five (5), or nine (9) years immediately following each such year or years, whichever is applicable. However, property owners who had an area designated an urban development area pursuant to an application filed prior to January 1, 1979, are only entitled to a deduction for a five (5) year period. In addition, property owners who are entitled to a deduction under this chapter pursuant to an application filed after December 31, 1978, and before January 1, 1986, are entitled to a deduction for a ten (10) year period.

(d) For economic revitalization areas that are not residentially distressed areas, the designating body shall determine whether the property owner is entitled to a deduction for three (3) years, six (6) years, or ten (10) years. This determination shall be made:

(1) as part of the resolution adopted under section 2.5 of this chapter; or



(2) by resolution adopted within sixty (60) days after receiving a copy of a property owner's certified deduction application from the county auditor. A certified copy of the resolution shall be sent to the county auditor who shall make the deduction as provided in section 5 of this chapter.

A determination about whether the deduction is three (3), six (6), or ten (10) years that is made under subdivision (1) is final and may not be changed by following the procedure under subdivision (2).

(e) Except for deductions related to redevelopment or rehabilitation of real property in a county containing a consolidated city or a deduction related to redevelopment or rehabilitation of real property initiated before December 31, 1987, in areas designated as economic revitalization areas before that date, a deduction for the redevelopment or rehabilitation of real property may not be approved for the following facilities:

- (1) Private or commercial golf course.
- (2) Country club.
- (3) Massage parlor.
- (4) Tennis club.
- (5) Skating facility (including roller skating, skateboarding, or ice skating).
- (6) Racquet sport facility (including any handball or racquetball court).
- (7) Hot tub facility.
- (8) Suntan facility.
- (9) Racetrack.
- (10) Any facility the primary purpose of which is:
  - (A) retail food and beverage service;
  - (B) automobile sales or service; or
  - (C) other retail;

unless the facility is located in an economic development target area established under section 7 of this chapter.

(11) Residential, unless:

- (A) the facility is a multifamily facility that contains at least twenty percent (20%) of the units available for use by low and moderate income individuals;
- (B) the facility is located in an economic development target area established under section 7 of this chapter; or
- (C) the area is designated as a residentially distressed area.

(12) A package liquor store that holds a liquor dealer's permit under IC 7.1-3-10 or any other entity that is required to operate under a license issued under IC 7.1. However, this subdivision



1 does not apply to an applicant that:

2 (A) was eligible for tax abatement under this chapter before  
3 July 1, 1995; or

4 (B) is described in IC 7.1-5-7-11.

5 SECTION 4. IC 6-1.1-12.1-4.5 IS AMENDED TO READ AS  
6 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 4.5. (a) For purposes  
7 of this section, "personal property" means personal property other than  
8 inventory (as defined in IC 6-1.1-3-11(a)).

9 (b) An applicant must provide a statement of benefits to the  
10 designating body. The applicant must provide the completed statement  
11 of benefits form to the designating body before the hearing specified in  
12 section 2.5(c) of this chapter or before the installation of the new  
13 manufacturing equipment for which the person desires to claim a  
14 deduction under this chapter. The state board of tax commissioners  
15 shall prescribe a form for the statement of benefits. The statement of  
16 benefits must include the following information:

17 (1) A description of the new manufacturing equipment that the  
18 person proposes to acquire.

19 (2) With respect to new manufacturing equipment not used to  
20 dispose of solid waste or hazardous waste by converting the solid  
21 waste or hazardous waste into energy or other useful products, an  
22 estimate of the number of individuals who will be employed or  
23 whose employment will be retained by the person as a result of  
24 the installation of the new manufacturing equipment and an  
25 estimate of the annual salaries of these individuals.

26 (3) An estimate of the cost of the new manufacturing equipment.

27 (4) With respect to new manufacturing equipment used to dispose  
28 of solid waste or hazardous waste by converting the solid waste  
29 or hazardous waste into energy or other useful products, an  
30 estimate of the amount of solid waste or hazardous waste that will  
31 be converted into energy or other useful products by the new  
32 manufacturing equipment.

33 With the approval of the state board of tax commissioners, the  
34 statement of benefits may be incorporated in a designation application.  
35 Notwithstanding any other law, a statement of benefits is a public  
36 record that may be inspected and copied under IC 5-14-3-3.

37 (c) The designating body must review the statement of benefits  
38 required under subsection (b). The designating body shall determine  
39 whether an area should be designated an economic revitalization area  
40 or whether the deduction shall be allowed, based on (and after it has  
41 made) the following findings:

42 (1) Whether the estimate of the cost of the new manufacturing

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equipment is reasonable for equipment of that type.

(2) With respect to new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the installation of the new manufacturing equipment.

(3) Whether the estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed installation of new manufacturing equipment.

**(4) After December 31, 1999, whether wages for the employees listed on the statement of benefits will result in at least the working wage (as defined in IC 4-4-6.1-1.2) for each full-time employee, as determined under IC 4-4-6.1-9, who is employed by the applicant.**

~~(4)~~ (5) With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, whether the estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products can be reasonably expected to result from the installation of the new manufacturing equipment.

~~(5)~~ (6) Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed installation of new manufacturing equipment.

~~(6)~~ (7) Whether the totality of benefits is sufficient to justify the deduction.

The designating body may not designate an area an economic revitalization area or approve the deduction unless it makes the findings required by this subsection in the affirmative.

(d) Except as provided in subsection (f), an owner of new manufacturing equipment whose statement of benefits is approved before May 1, 1991, is entitled to a deduction from the assessed value of that equipment for a period of five (5) years. Except as provided in subsections (f) and (i), an owner of new manufacturing equipment whose statement of benefits is approved after April 30, 1991, is entitled to a deduction from the assessed value of that equipment for a period of five (5) years or ten (10) years, as determined by the designating body under subsection (h). Except as provided in subsections (f) and (g) and in section 2(i)(3) of this chapter, the amount of the deduction

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that an owner is entitled to for a particular year equals the product of:

- (1) the assessed value of the new manufacturing equipment in the year that the equipment is installed; multiplied by
- (2) the percentage prescribed in the table set forth in subsection (e).

(e) The percentage to be used in calculating the deduction under subsection (d) is as follows:

- (1) For deductions allowed over a five (5) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	95%
3rd	80%
4th	65%
5th	50%
6th and thereafter	0%

- (2) For deductions allowed over a ten (10) year period:

YEAR OF DEDUCTION	PERCENTAGE
1st	100%
2nd	95%
3rd	90%
4th	85%
5th	80%
6th	70%
7th	55%
8th	40%
9th	30%
10th	25%
11th and thereafter	0%

(f) Notwithstanding subsections (d) and (e), a deduction under this section is not allowed in the first year the deduction is claimed for new manufacturing equipment to the extent that it would cause the assessed value of all of the personal property of the owner in the taxing district in which the equipment is located (excluding personal property that is assessed as construction in process) to be less than the assessed value of all of the personal property of the owner in that taxing district (excluding personal property that is assessed as construction in process) in the immediately preceding year.

(g) If a deduction is not fully allowed under subsection (f) in the first year the deduction is claimed, then the percentages specified in subsection (d) or (e) apply in the subsequent years to the amount of deduction that was allowed in the first year.

(h) The designating body shall determine whether a property owner





whose statement of benefits is approved after April 30, 1991, is entitled to a deduction for five (5) or ten (10) years. This determination shall be made:

- (1) as part of the resolution adopted under section 2.5 of this chapter; or
- (2) by resolution adopted within sixty (60) days after receiving a copy of a property owner's certified deduction application from the state board of tax commissioners. A certified copy of the resolution shall be sent to the county auditor and the state board of tax commissioners.

A determination about whether the deduction is for a period of five (5) or ten (10) years that is made under subdivision (1) is final and may not be changed by following the procedure under subdivision (2).

(i) The owner of new manufacturing equipment that is directly used to dispose of hazardous waste is not entitled to the deduction provided by this section for a particular assessment year if during that assessment year the owner:

- (1) is convicted of a violation under IC 13-7-13-3 (repealed), IC 13-7-13-4 (repealed), or IC 13-30-6; or
- (2) is subject to an order or a consent decree with respect to property located in Indiana based on a violation of a federal or state rule, regulation, or statute governing the treatment, storage, or disposal of hazardous wastes that had a major or moderate potential for harm.

SECTION 5. IC 6-1.1-12.1-5.8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 5.8. In lieu of providing the statement of benefits required by section 3 or 4.5 of this chapter and the additional information required by section 5.1 or 5.6 of this chapter, the designating body may, by resolution, waive the statement of benefits, **except, after December 31, 1999, for the statements and conditions specified in sections 3(b)(4) and 4.5(c)(4) of this chapter**, if the designating body finds that the purposes of this chapter are served by allowing the deduction and the property owner has, during the thirty-six (36) months preceding the first assessment date to which the waiver would apply, installed new manufacturing equipment or developed or rehabilitated property at a cost of at least ten million dollars (\$10,000,000) as determined by the state board of tax commissioners.

SECTION 6. IC 6-3.1-9-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 1. **As used in The following definitions apply throughout** this chapter:

- (1) "Business firm" means any business entity authorized to do



business in the state of Indiana that is:

- (1) ~~(A)~~ subject to the gross, adjusted gross, supplemental net income, or financial institutions tax;
- (2) ~~(B)~~ an employer exempt from adjusted gross income tax (IC 6-3-1 through IC 6-3-7) under IC 6-3-2-2.8(2); or
- (3) ~~(C)~~ a partnership.

(2) "Community services" means any type of counseling and advice, emergency assistance, medical care, recreational facilities, housing facilities, or economic development assistance to individuals, groups, or neighborhood organizations in an economically disadvantaged area.

(3) "Crime prevention" means any activity which aids in the reduction of crime in an economically disadvantaged area.

(4) "Economically disadvantaged area" means an enterprise zone, or any area in Indiana that is certified as an economically disadvantaged area by the department of commerce after consultation with the community services agency. The certification shall be made on the basis of current indices of social and economic conditions, which shall include but not be limited to the median per capita income of the area in relation to the median per capita income of the state or standard metropolitan statistical area in which the area is located.

(5) "Education" means any type of scholastic instruction or scholarship assistance to an individual who resides in an economically disadvantaged area that enables him to prepare himself for better life opportunities.

(6) "Enterprise zone" means an enterprise zone created under IC 4-4-6.1.

(7) "Job training" means any type of instruction to an individual who resides in an economically disadvantaged area that enables him to acquire vocational skills so that he can:

- (A) become employable or be able to seek a higher grade of employment; **and**
- (B) **for credits accruing after December 31, 1999, become employable at a full-time job that customarily pays the working wage, as determined under IC 4-4-6.1-9, in the county where the individual resides.**

(8) "Neighborhood assistance" means either:

- (1) ~~(A)~~ furnishing financial assistance, labor, material, and technical advice to aid in the physical or economic improvement of any part or all of an economically disadvantaged area; or



- 1           ~~(2)~~ **(B)** furnishing technical advice to promote higher  
 2           employment in any neighborhood in Indiana.  
 3           **(9)** "Neighborhood organization" means any organization,  
 4           including but not limited to a nonprofit development corporation:  
 5           ~~(1)~~ **(A)** performing community services in an economically  
 6           disadvantaged area; and  
 7           ~~(2)~~ **(B)** holding a ruling:  
 8           ~~(A)~~ **(i)** from the Internal Revenue Service of the United  
 9           States Department of the Treasury that the organization is  
 10          exempt from income taxation under the provisions of the  
 11          Internal Revenue Code; and  
 12          ~~(B)~~ **(ii)** from the department of state revenue that the  
 13          organization is exempt from income taxation under  
 14          IC 6-2.1-3-20.  
 15          **(10)** "Person" means any individual subject to Indiana gross or  
 16          adjusted gross income tax.  
 17          **(11)** "State fiscal year" means a twelve (12) month period  
 18          beginning on July 1 and ending on June 30.  
 19          **(12)** "Tax credit" means a deduction from any tax otherwise due  
 20          and payable under IC 6-2.1, IC 6-3, or IC 6-5.5.  
 21          SECTION 7. IC 6-3.1-13-4 IS AMENDED TO READ AS  
 22          FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 4. As used in this  
 23          chapter, "full-time employee" means an individual who is employed  
 24          for:  
 25                  **(1)** consideration, ~~for and in the case of agreements for a credit~~  
 26                  **entered into with the board under this chapter after**  
 27                  **December 31, 1999, consideration that at least equals the**  
 28                  **amount of the working wage, as determined under**  
 29                  **IC 4-4-6.1-9; and**  
 30                  **(2)** at least thirty-five (35) hours each week or who renders any  
 31                  other ~~standard period~~ of service generally accepted by custom or  
 32                  specified by contract as full-time employment.  
 33          SECTION 8. IC 6-3.1-13-6.3 IS ADDED TO THE INDIANA  
 34          CODE AS A NEW SECTION TO READ AS FOLLOWS  
 35          [EFFECTIVE JULY 1, 1999]: **Sec. 6.3. As used in this chapter, "new**  
 36          **job" means a job for a new employee.**  
 37          SECTION 9. IC 22-4-1-1 IS AMENDED TO READ AS FOLLOWS  
 38          [EFFECTIVE JULY 1, 1999]: Sec. 1. As a guide to the interpretation  
 39          and application of this article, the public policy of this state is declared  
 40          to be as follows: Economic insecurity due to unemployment is declared  
 41          hereby to be a serious menace to the health, morale, and welfare of the  
 42          people of this state and to the maintenance of public order within this



1 state. Protection against this great hazard of our economic life can be  
 2 provided in some measure by the required and systematic accumulation  
 3 of funds during periods of employment to provide benefits to the  
 4 unemployed during periods of unemployment and by encouragement  
 5 of desirable stable employment. The enactment of this article to  
 6 provide for payment of benefits to persons unemployed through no  
 7 fault of their own, to encourage stabilization in employment, and to  
 8 provide for integrated employment and training services **that after**  
 9 **December 31, 1999, are for full-time jobs that compensate**  
 10 **employees in an amount that is at least the working wage, as**  
 11 **determined under IC 4-4-6.1-9**, in support of state economic  
 12 development programs, and to provide maximum job training and  
 13 employment opportunities for the unemployed, underemployed, the  
 14 economically disadvantaged, dislocated workers, and others with  
 15 substantial barriers to employment, is, therefore, essential to public  
 16 welfare; and the same is declared to be a proper exercise of the police  
 17 powers of the state. To further this public policy, the state, through its  
 18 department of workforce development, will maintain close coordination  
 19 among all federal, state, and local agencies whose mission affects the  
 20 employment or employability of the unemployed and underemployed.

21 SECTION 10. IC 22-4-43 IS ADDED TO THE INDIANA CODE  
 22 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 23 JULY 1, 1999]:

24 **Chapter 43. Job Training Programs for Working Wage Jobs**

25 **Sec. 1. This chapter does not apply to comprehensive job**  
 26 **training and related services:**

- 27 (1) **for a resident in an enterprise zone established under**  
 28 **IC 4-4-6.1; or**
- 29 (2) **to the extent that the application of this chapter is**  
 30 **prohibited by federal law or the terms of a federal grant or**  
 31 **contract.**

32 **Sec. 2. As used in this chapter, "comprehensive job training and**  
 33 **related services" has the meaning set forth in IC 22-4-40-2.**

34 **Sec. 3. After December 31, 1999, state or federal money may not**  
 35 **be used for an expenditure that:**

- 36 (1) **qualifies as comprehensive job training and related**  
 37 **services; and**
- 38 (2) **primarily benefits one (1) or more identifiable employers;**  
 39 **unless the money is directed toward employing individuals in**  
 40 **full-time jobs that pay an amount that is at least the working wage,**  
 41 **as determined under IC 4-4-6.1-9.**

42 **Sec. 4. The department shall monitor compliance with section**



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3 of this chapter. The department shall report any violation of section 3 of this chapter to the budget committee.

Sec. 5. If an application to an agency of the federal government is required to obtain authorization to use money as required by section 3 of this chapter, the state shall make the required application. The department shall monitor compliance with this section and report the status of all necessary applications to the budget committee on an annual basis.

SECTION 11. [EFFECTIVE UPON PASSAGE] (a) IC 4-4-6.1-1.2, IC 4-4-6.1-9, and IC 22-4-43, all as added by this act, apply only to credits, deductions, and exemptions applied:

(1) in taxable years beginning; and

(2) to property taxes first due and payable;

after December 31, 1999.

(b) Notwithstanding IC 4-4-6.1-1.2 and IC 4-4-6.1-9, both as added by this act, the department of labor may establish interim guidelines for the application of IC 4-4-6.1-1.2 and IC 4-4-6.1-9, both as added by this act. The initial guidelines must be issued before July 1, 1999. Interim guidelines issued under this SECTION expire on the earlier of the following:

(1) The date that the department of labor issues a replacement interim guideline.

(2) The date that the department of labor adopts a rule under IC 4-22-2 to replace an interim guideline.

(3) January 1, 2001.

(c) This SECTION expires July 2, 2001.

SECTION 12. An emergency is declared for this act.

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